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STATE OF MICHIGAN
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
MICHIGAN EMPLOYMENT RELATIONS COMMISSION
STATUTORY ARBITRATION TRIBUNAL
ACT 312, PUBLIC ACTS OF 1969 AS AMENDED.

In the Matter of the Interest Arbitration Between:

CITY OF TAYLOR, MICHIGAN

Employer,

And

POLICE OFFICERS ASSOCIATION OF MICHIGAN

Union.

MERC Case No. D09 A-00089

ARBITRATION PANEL OPINION AND AWARDS

|Stanley T. Dobry, Chairman
John Clark, City of Taylor Delegate
William Birdseye, POAM Delegate

I. APPEARANCES

FOR THE CITY OF TAYLOR:

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FOR POLICE OFFICERS ASSOCIATION OF MICHIGAN:

POLICE OFFICERS ASSOCIATION OF MICHIGAN

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Dated: September 9th 2011

II. OVERVIEW

Background

The City of Taylor is a Metropolitan Detroit suburb located in Southern Wayne County.

The City has a police department whose officers are represented by two unions. The prior contract began on July 1, 2005, and expired on June 30, 2008.

As the termination date approached and passed, the parties attempted to negotiate a successor agreement. Unable to reach agreement, the parties engaged in mediation sessions. Following these mediation sessions which did not result in an agreement, the Employer filed a petition for Act 312 Arbitration on March 9, 2009.¹

Stanley T. Dobry was appointed Chairman of the Act 312 Panel along with the City and union delegates indicated above.

The parties thereafter met at several pre-arbitration meeting, and substantial progress was made. In particular, the Chairman became well acquainted with the parties, their interests, and their respective positions. The formal hearing was convened on August 24, 2011 at the offices of the Michigan Employment Relations Commission in the City of Detroit, Michigan. All testimony was under oath or affirmation.

III. STATUTORY CRITERIA

In determining an award, a Panel under Act 312 is required to follow the statutory criteria set forth in Section 9 (MCLA 423.239) of Act 312. Article 9 reads:

Where there is no agreement between the parties, or where there is an agreement but the parties have begun negotiations or discussions looking to a new agreement or amendment of the existing agreement, and wage rates or other conditions of employment under the proposed new or amended agreement are in dispute, the arbitration panel shall base its findings, opinions and order upon the following factors, as applicable:

- (a) The lawful authority of the employer.
- (b) Stipulations of the parties.

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In days of yore, it was Unions that typically filed such petitions. The delay in this proceeding from the chairman's appointment to the issuance of the award was a result of decisions made by the parties.

- (c) The interests and welfare of the public and the financial ability of the unit of government to meet those costs.
- (d) Comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - (i) in public employment in comparable communities; and
 - (ii) in private employment in comparable communities.
- (e) The average consumer prices for goods and services, commonly known as the cost of living.
- (f) The overall compensation presently received by the employees including direct wage compensation, vacations, holidays and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- (h) **Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties, in the public service or in private employment.** [Emphasis added.]

There is no question that an Act 312 arbitration panel is expected to consider **all** of the Section 9 factors in making an award, at least as they are pertinent to the record made. It also should be recognized that the particular circumstances may dictate that certain criteria may be emphasized more than other criteria. But as the Michigan Supreme Court has noted in *Detroit v. DPOA*, 408 Mich 410 (1980) at 484, that since the:

“factors are not intrinsically weighted, they cannot of themselves provide the arbitrators with an answer. It is the panel which must make the difficult decision of determining which particular factors are more important in resolving a contested issue under the singular facts of a case, although, of course, all ‘applicable’ factors must be considered.”

Essentially, the Act 312 criteria address the cost of living, the financial ability of the employer to fund the awards, and internal comparables as well as with other similarly situated public and private employees. In other words, the economic realities – for both sides and the public – of the situation must be considered.

In addition to the enumerated criteria the Legislature, in setting forth Section 9(h), incorporated criteria sometimes used by fact finders in making recommendations as to collective bargaining agreements which are not specifically enumerated in Section 9.

The panel in the instant case considered all of these factors, consistent with the Supreme Court's opinion in *Detroit v. DPOA*. Yet there were certain key criteria, namely, 9(c) "the financial ability of the unit of government to meet those costs," 9(e) overall compensation, and 9(h) the other factors criteria which would include the bargaining history and the general economic climate in Southeastern Michigan as well as the pending millage vote discussed below. Wage settlement patterns in the labor market, both internal and external comparables, and in both the private and public sector, have been given appropriate consideration. Generally this resolution maintains the historical pattern and relationship these parties have freely bargained for in the past. As such, it reflects the parties' clear historical consensus of their relative worth.

In other words, the economic realities of the situation must be considered.

Act 312 Arbitration is first and foremost an extension of the collective bargaining process. Although the following determinations are not necessarily the only solutions to the problems the parties' mutually confront, the Arbitrator finds they are most in conformity with the terms of the statute. The Arbitrator has reviewed each of the statutory criteria as they may apply to the respective issues and the record made, and concluded that these criteria virtually command these determinations.

On the economic issues, the Award represents a fair compromise between the needs of the City for fiscal responsibility and public accountability, and the Union members' requirement for job and economic security. I find maintenance of internal comparability to be a persuasive factor. This resolution also takes into account settlements in comparable communities and

bargaining units, and generally maintains the historical pattern and relationship these parties freely bargained for in the past. As such, it reflects their clear historical consensus of their relative worth.

A. The Judicial Prototype v. the Negotiation Prototype

The arbitrator notes that he largely tries to work an Act 312 proceeding in the model of a negotiation prototype. Thus, I reject the notion that the proceeding is analogous to a civil trial. Formalities are generally cut to a minimum, provided the parties consent. There is a requirement for advance disclosure of exhibits, but it is done in such a way that examination of witnesses and procedural rigor are cut to a minimum.²

It is an extension of practical negotiation, not a model of rarefied adjudication. Indeed, the Chair believes that the optimal way to proceed is Mediate/ then Arbitrate to finality.

One important aspect of Act 312 that is often overlooked is the role of delegates. They are to provide their unique understanding and perspective on the evidence that is adduced. During executive sessions they are encouraged to prioritize amongst various demands. Thus, the panel is more likely to come up to a solution that is closer to the needs of the parties, does not violate their expectations, and avoids unacceptable solutions.³

In assessing the overall ability of the City to pay as required by Act 312, an understanding of the City's financing situation were drawn by observations of the Chairman

² See Anderson, Arvid, Interest Arbitration: The Judicial Prototype v. the Negotiation Prototype, *Proceedings of the National Academy of Arbitrators*. <http://www.naarb.org/proceedings/index.asp>
³ (BNA) Vols. 1-59, 1948-2008

Judge Kenesaw [(Mountain)] Landis, about to leave the federal bench to become 'czar' of baseball in the backwash of the [Chicago] Black Sox scandal, inflicted the worst interest arbitration ever. He ignored the historical relationships in the construction industry and remade the wage system in Chicago. This resulted in chaos, violence, bombings and killing of policemen for the better part of a decade. The lack of a tripartite panel, and his lack of understanding of the parties' needs, were roots of this misjudgment. "The advantage stemming from information sharing works two ways: the neutral learns what the parties really want (and don't want) and they know what he intends to do. Obviously, it is of importance that the arbitrator discover how much in cents per hour each side will 'take' In fact, nothing else is as significant. It is entirely possible, however, to endure a dozen days of formal hearing without acquiring this knowledge." See Bernstein, Irving, *The Arbitration of Wages*, (Berkeley and Los Angeles: University of California Press, 1954), pps. 41-43.

based on financial data made available. Moreover, it is recognized that the middle class – including members of this bargaining unit – have also been financially squeezed.

In evaluating wages, the panel must take into account many conflicting factors. Act 312 itself only hints at the possibilities, although it has an ‘escape clause’ that permits consideration of such other factors as are commonly considered by interest arbitrators. Reference to §(h) is broader than the rest of the factors, and is to be “liberally construed” to effectuate the purposes of the act.

The mosaic may also include, *inter alia*, historical and future comparisons and relationships to other internal bargaining units; external communities and bargaining units, prevailing wages paid in similar communities; wage settlement patterns in the public and private sectors; ability to pay; local, regional, state and national economic events and prediction; labor market rates; costs of maintaining other benefits (especially health care and retirement costs); cost of living increases; adequacy of staffing, needs and expectations of the public; tax effort; hiring patterns; settlement patterns; and other factors applicable to the wage proposals.

The interest arbitration panel must try to establish a fair rate in the context of the historical relationship of the parties, and taking into account the labor economics concept of “orbits of coercive comparison,”⁴ also called “wage contours.”⁵

Internal comparability is an important factor. The arbitrator has taken notice of the fact that this is *not* the first time that wage rates were established for the Taylor Police patrol unit.

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5 Arthur M. Ross, *Trade Union Wage Policy* (Berkeley and Los Angeles: University of California Press, 1948), Chapter III, pp. 53-70).

Institutional economists remarked that unions impose wage standards. Dunlop (1957) called the standards “wage contours” and Ross (1948) called them “orbits of coercive comparisons” Bewley, Truman F., *Why Wages Don't Fall During a Recession*, page 109 (Harvard University Press 2-2 ISBN 0674009437, 9780674009431 (pp. 527). It is to be noted, however, that this recession is different and wages in many sectors have fallen, or at the very least, have been held in check even as the costs of living advanced, and health care premium and costs sharing increased.

Additionally, it is understood that taking money back from a union, even in hard economic times, is a difficult sell for Management who must backtrack against a history of bargaining and agreements. There are also likely to be diverse political repercussions, one way or another. Wage comparisons between bargaining units, and among related groups, is inevitable. While higher wages is a goal, maintenance of employment and avoidance of layoffs is another (sometimes competing) goal for a labor organization.⁶

An economic theory of a trade union requires that “the organization be assumed to maximize (or minimize) something.”⁷ Here maintenance of maximum employment for its members is an important goal for the Union and a shared concern for the City and the citizens.

Among the criteria utilized by fact finders are the bargaining history of the parties, both past and current. As Arbitrator George T. Roumell, Jr. stated, this process is about the "art of the possible.” He wrote: “As Dean Theodore J. St. Antoine of the University of Michigan Law School wrote: ‘the soundest approach for an outsider in resolving union-employer disputes is to try to replicate the settlement the parties themselves would have reached had their negotiations been successful.’”⁸

This is, indeed, an appropriate consideration and falls squarely within the concept of section 9(h). In other words, the concept of the art of the possible is that, in compromising, the parties would review their respective positions and attempt to reach a fair resolution.

I balanced the parties’ competing needs and interests, in light of the give and take of negotiations. Neither Management nor Labor should to come to arbitration with a list of

⁶ Reed, Albert, *The Economics of Trade Unions 3rd Ed.* (University of Chicago Press, 1989) (ISBN 0226707105, 9780226707105, 44-56, 204 pages).

⁷ John T. Dunlop, *Wage Determination under Trade Unions* (New York: Macmillan Co., 1944), p. 4.

⁸ *County of Lake and Command Officers Association of Michigan*, MERC Case No. LO2 H-9004 (2004). See, *County of Saginaw and Fraternal Order of Police*, MERC Case No. I90 B-0797 (1992).

demands, expecting to walk away with their list fully granted. Arbitration is not a mechanism to get what you want, but rather a process empowering both sides to live with what they get.

The criteria are there to be followed. The Chairman considers the City's Ability to Pay and internal comparability to be crucial factors for the Arbitration Panel to consider in making its findings in regard to the ruling on its wage proposals.

B. The City's Financial Situation

No collective bargaining agreement can be reached in the City of Taylor without recognizing the City's financial condition. This is one of the statutory criteria. Indeed, the legislature has amended Act 312 to make it first and foremost among the criteria.⁹

Putting aside policy or philosophical differences, the fact is that everyone involved – the State of Michigan and the City of Taylor; and the Police Officers Association of Michigan and the Taylor Police Officers Association and its members; and the taxpayers and citizens of Michigan and Taylor – all face daunting financial challenges.

The national and State of Michigan's economic challenges have resulted in a variety of financial issues for federal, state and local government units. The State of Michigan and City of Taylor both have significant structural deficits which are not consistent with being long term viable positions. There are a number of factors that destabilized the City's financial position. The financial structure established by the State of Michigan for local governments and Taylor hurt the City and, in fact, imposes hardships on its budget. These issues include:

1. Constitutional and statutory property tax limitations with the Headlee Amendment, Proposal A and other statutory provisions.
2. Added restrictions on other revenues such as fees and charges for services with

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Whether this effectively changes the panel's reasoning process or the outcomes will no doubt be subject to research, interpretation and continuing debate. In particular, ability to pay has always been part of the act, and has, in the Chairman's experience at least, always been given serious consideration in the Act 312 process.

the *Bolt Case*¹⁰ and the State Construction Act.

3. The City's General Fund has a structural deficit. This implies the City's recurring revenue sources in the General Fund do not provide enough resources to support recurring operating expenditures.
4. Historically, the City has often been dependent on one-time, non-recurring revenue (mainly land sales) to balance the General Fund budget. The land sales are no longer sustainable and the development expected from these sales has not materialized (nor has the associated property tax revenue). If land sale revenue was removed for the 2003, 2004, 2005 and 2006 years, the City's structural deficit for those four years averaged over \$2.5 million per year. Additionally, in 2008, the City benefitted from a one-time cell tower sale of approximately \$2.2 million.
5. As a result of the State's budget condition, Taylor's state shared revenue is \$3.5 million less per year than in 2001. Since 2001, the City has lost over \$22 million cumulatively in state shared revenue. Effective for the 2012 fiscal year, the City will have to comply with the State's new EVIP (economic vitality incentive program) requirements in order to earn their statutory revenue sharing payments for the year. The projected statutory revenue sharing for the City in 2011 is approximately \$2.5 million. How much the City earns will be based on compliance with each of the following categories: transparency, service sharing, and employee benefits. Taylor's share of this has a very high degree of uncertainty and is subject to substantial reduction. Any loss of this payment will have further negative effects on the health of the City's General Fund.
6. Labor related costs represent over 69% of recurring General Fund expenditures.
7. As a result of past contract negotiations and other factors, the City faces increased pension and health care costs. Police and Fire pension contributions and retiree health care insurance has more than doubled from about \$3.6 million in 2004 to about \$8.0 million in 2010. During the same time period, retiree health care costs for non-police and fire grew by over 80% (from \$1.3 million to \$2.3 million); and the City pension system contribution for its General Employees group went from \$0 in 2002 to over \$2.6 million in 2010.
8. The net impact of these developments is that the City's General Fund unreserved/undesignated fund balance has been reduced from \$5.9 million in 2002 to less than \$200,000 at June 30, 2010. This decrease has eliminated the City's reserve for contingencies and has made cash management very difficult. The City does not have adequate funds set aside for planned or emergency capital reserves and no money set aside to fund the \$5.3 million in accumulated sick and vacation payouts for employees at separation of service. With General Fund expenditures that exceeded \$59 million in 2010, an unreserved/undesignated

General Fund balance of less than \$200,000 is completely inadequate as it would only cover approximately one day of expenditures.

9. The City is levying all available millage capacity for operations. The interaction of the Headlee Amendment and Proposal A has significantly rolled the City's millage rate back with no statutory relief available for this situation.
10. Like all municipalities in Michigan, the City has been saddled with large unfunded mandates by the State.
11. In accordance with Federal mandate and a court-ordered judgment levy, the City is levying over 3 mills for sewer remediation debt with continuing capital and operating improvements and expenditures required.
12. As a result of the increase in Public Safety retirement costs, the City's levy for Police and Fire retirement costs (pursuant to Public Act 345 of 1937 as amended) has increased substantially in recent years. In 2004, the City levied 3.0200 mills for this purpose. In 2012, the City has budgeted to levy 6.5340 mills for Act 345 retirement related costs - more than tripling in an eight year period. The 2012 mills are based on the TIFA (tax increment financing authority) not capturing a portion of these taxes. If the TIFA fully captured its share of the taxes, the millage rate would have been approximately 8.4 mills. City of Taylor's Act current 345 millage is one of the highest among the Downriver Communities.
13. Between levies for operations, sewer debt, police and fire pension costs and other purposes, the City's tax levy of over 25 mills is a high burden for Taylor taxpayers, making requests for additional millage difficult and presenting challenges for attracting a new tax base.
14. Accounting standards require all local governments - including Taylor - to actuarially measure and record the outstanding liability for retiree health care if the City does not fund the annual liability calculated by the actuary. The City has no money set aside or reserved for this purpose (i.e., no accumulated assets to offset the liability) and the City does not have the ability in the budget to fully fund the annual projected liability of \$12 -13 million dollars as calculated by the actuary.
15. The City's legacy costs consist of two components, pension and retiree health care. As of 2009, the date of the most recent actuarial valuation, the City's unfunded OPEB (other post-employment benefits) liability was \$173 million. The two pension systems combined have an unfunded liability of \$83 million. As a result, the funded percentage for the police and fire pension plan dropped from 75% to 58% funded from June 2008 to June 2010. In total, the City has unfunded legacy costs of \$256 million with no funding source.¹¹

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These obligations are of long standing duration. Four important factors have collided to make this situation more notable than it was previously. Pensions in Taylor are *not* required to be fully funded; like other Michigan municipalities, pay-as-

16. The City has deferred necessary capital outlay for the last several years to balance its budget. Spending in this area will have to increase to keep the City in working order.
17. Between the Cities governmental activities, business-type activities, and its component units, the City has approximately \$165 million of long-term debt outstanding at June 30, 2010.
18. Taylor's taxable value has been negatively impacted by declines in residential and commercial property values, Michigan's economy, foreclosures and other market forces are significantly impacting the City's General Fund structural deficit. Taxable value is projected to decline 18% from 2008 to the 2012 projection (which is based on the assessment date of December 31, 2010).
19. Like the Federal Government, the City's debt rating was recently (January 2011) downgraded. However, this downgrade was two levels by Moody's with a negative outlook assigned.¹²

It is a fair conclusion that the above cited factors are exhausting the City's fund balance reserves, supporting the argument that Taylor has an unbalanced structural budget deficit. For this reason, one must proceed with caution because it is in the best interest of all of the City's employees that the financial health of the City may be stabilized as much as possible, even though in these financially challenging times stabilization maybe difficult to do.

I make these awards in light of the parties' positions, along with my review and consideration of the record developed in the case, the documents that have been admitted into the record as exhibits, the various prior proposals and counter-proposals of the parties and my overall assessment of the matter.

you-go is the norm. Second, in years gone by, the pension system was close to being fully funded, based on market conditions, including asset valuations that included various investments, including stocks. Thus, the employer's contributions were at times reduced. Third, despite discord in its ranks, the Government Accounting Standards Board came to the realization that unfunded pension liabilities have to be recognized. Thus, GASB Rules 43 and 45 were changed, although their implementation took some time – the liabilities now have to be made part of the public record. Fourth, there is an increasing realization that the national health care system is broken, and that the costs of retiree health insurance benefits – they used to call these “fringe benefits” – are rising and need to be addressed. The panel is doing what it can, but the ultimate cause and cure of this situation is national in scope, and far beyond the reach of these parties or this panel.

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Unlike the federal government, the municipality must balance its budget, or a state Emergency Financial Manager may intervene, and upset the carefully crafted balance incorporated herein.

IV. AWARD

The above comments as to the City's financial situation are the observations of the Chairman, and the delegates' signatures do not signify their concurrence with the reasoning or conclusions. Nevertheless, they have shaped the contours of the following award.

The parties have exchanged and modified proposals, and those have been considered. The CBA that was in place when this proceeding started shall remain in effect, except as expressly modified hereby. Any issue not expressly dealt with herein is deemed abandoned, or to not be supported by the record.

ARTICLE 4 - MAINTENANCE OF CONDITIONS [NEW]

The parties acknowledge that this Agreement may be rejected, modified or terminated by an appointed Emergency Manager in accordance with the Local Government and School District Fiscal Accountability Act, PA 4 of 2011.

ARTICLE 5 - UNION ACTIVITIES

5.4: The Association President and up to four (4) members shall be granted time off with pay to attend union conventions and seminars. This will include travel days when necessary. The Union will provide written notice to the Chief of Police or his/her designee at least seven (7) days prior to the event.

ARTICLE 8 - SENIORITY – PROBATION – PROMOTIONS

8.2: New Hires

The promotional test for Corporal will be administered every December to patrol officers who will have seven (7) years seniority anytime during the then current calendar year. The remainder of that Section remains as stated in the expired CBA.

ARTICLE 10 - CIVILIAN EMPLOYEES

Eliminate entire Article except for the sentence pertaining to civilian employees not performing work done by sworn officers.

ARTICLE 12 - PENSION

Current Employees

All current employees will pay eight (8) percent of pensionable wages on an annual basis.

New Hires

Must complete 25 years of service and reach the age of 50 years in order to qualify for a pension.

2.25% multiplier.

FAC based upon base wage plus a maximum 240 hours of paid leave that has been accumulated over an employee's career.

All new hires will pay eight (8) percent of pensionable wages on an annual basis.

ARTICLE 14 - LONGEVITY

Current Employees

All current members shall receive six (\$6) dollars per month for each month of continuous service with the City, effective September 30, 2011 through September 30, 2014.

All current members shall receive nine (\$9) dollars per month for each month of continuous service with the City, effective October 1, 2014 through September 29, 2015.

All current members shall receive eleven and 87/100 (\$11.87) dollars per month for each month of continuous service with the City, effective September 30, 2015.

New Hires

Not eligible for longevity pay.

ARTICLE 16 - PAY PERIOD

As soon as is practicable, all current POAM Members, including all individuals on any form of extended leave, will be paid on a bi-weekly basis with every other Thursday being the designated payday.

ARTICLE 18 - VACATIONS

Current Employees

Same accruals as provided for in the expired CBA, converted to eight (8) hour days (all vacation time will be stated in hours).

New Hires

Maximum of 20 eight (8) hour days (all vacation time stated in hours).

1 to 5 years = 10 eight (8) hour days or 80 hours annually.

6 to 14 years = 15 eight (8) hour days or 120 hours annually.

15 years+ = 20 eight (8) hour days or 160 hours annually.

If not used, paid off annually on anniversary date.

ARTICLE 19 - SICK LEAVE

Current Employees

Same accruals as provided for in the expired CBA, converted to eight (8) hour days (all sick time will be converted to hours).

New Hires

Beginning January 1, 2012, and each year thereafter on January 1st employees will receive 96 hours.

New employees are entitled to bank a maximum of 288 unused sick hours.

Any unused sick hours in excess of 288 hours shall be paid off.

No entitlement to sick bonus days.

ARTICLE 21 - HOLIDAYS

Change – Martin Luther King, Jr.'s Birthday (Observed Day).

Add President's Day.

Remove Lincoln's Birthday and Washington's Birthday.

ARTICLE 22 - INSURANCE

Current Employees

Regardless of health care provider, all active employees shall be obligated to pay the following:

Ten (10%) percent of annual premium or illustrative rate for medical and prescription coverage with an annual \$2,250 cap effective September 30, 2011, which increases to \$2,500 effective July 1, 2012.

Twenty (\$20) dollars office co-pay.

Ten (\$10) dollars co-pay for generic drugs; twenty (\$20) dollar co-pay for brand name drugs, and forty (\$40) dollar co-pay for non-formulary. Employees will be mandated to utilize generic drugs.

One Hundred (\$100) dollars co-pay for emergency room visit, unless waived by insurer pursuant to plan documents.

New Hires

Regardless of health care provider, all active employees shall be obligated to pay the following:

Twenty (20%) percent of annual premium or illustrative rate for medical and prescription coverage with no cap.

Twenty (\$20) dollars office co-pay.

Ten (\$10) dollars co-pay for generic drugs; twenty (\$20) dollar co-pay for brand name drug, and forty (\$40) dollar co-pay for non-formulary. Employees will be mandated to utilize generic drugs.

One Hundred (\$100) dollars co-pay for emergency room visit, unless waived by insurer pursuant to plan documents.

Retirees

All future retirees (who retire on or after September 1, 2011) will be obligated to pay all premium sharing (with applicable caps), deductibles and co-pays in effect on date of retirement.

The City is no longer obligated to provide new hires after the signing of the new CBA with retiree healthcare benefits. The City will provide new hires with a VEBA or other retirement healthcare savings plan.

Retirees must pay their percentage of the City's monthly cost for the medical hospitalization benefits in advance on a quarterly basis. If payment is not received by the City prior to the beginning of each quarter, the City will mail a final request for payment of the retiree. Failure by the retiree to make full and complete payment each quarter within ten (10) days after the final request for payment is sent by the City shall result in the retiree being dropped from the medical hospitalization coverage effective immediately. It is the responsibility of the retiree to ensure that the City is notified of his/her current address at all times.

If there is a change in rates by the medical hospitalization insurance carrier, the Employer shall notify the retiree of said rate change and any adjustments necessary shall be made on the following quarterly payment.

ARTICLE 24 – SALARY SCHEDULE

Current Employees

Current employees, zero (0%) percent wage increases through September 30, 2014, with wage re-opener on October 1, 2014.

New Hires

New hires after signing of new contract will start at fourteen (14) percent less than current starting rate (current starting rate: \$41,317.95 reduced to \$35,533) regardless of work schedule (8 hours/10 hours/12 hours). It will take seven (7) years to reach Corporal rate.

ARTICLE 26 - UNIFORM AND EQUIPMENT ALLOWANCE

Eliminate for current employees and new hires.

ARTICLE 28 - SAFETY, TRAINING TIME AND EDUCATION

28.2(A):

Officers will be permitted to ride in single vehicles at all times after 24 months of continuous service as a patrol officer.

ARTICLE 32 - HAZARD PAY

Eliminate for current employees and new hires.

ARTICLE 42 - DURATION

Contract expires on September 30, 2015.

ARTICLE 43 - BANK TIME [NEW]

Eliminate language giving the Chief discretion to approve or disapprove cash out of vacation bank.

Maximum cash out is \$4,000 per year for all banked leave time.

During the employee's career (excluding new hires), the employee twice may (in addition to final cash out) cash out per caps as provided for in the expired CBA. This provision applies prospectively from the date of the award.

Upon separation or retirement from the City, if the amount in the employee's bank exceeds \$50,000, the City has the right to pay out that amount over a period of two years in two equal installments.

CONCLUSION

The Award also provides that all terms and conditions of the expired agreement that are not modified by this Award shall remain continuously in effect. The Arbitrator incorporates by reference all of the Tentative Agreements of the parties, as though they were set forth in full herein. The panel retains jurisdiction for thirty days to correct ministerial or editorial errors, if any (since the proceedings became extremely expedited in the public interest).

The matter is remanded to the parties for the drafting and execution of a collective bargaining agreement incorporating the foregoing awards. However, it being the panels' intention that completion of this ministerial act does not stay the immediate effect of this award.

The foregoing Award is entered by the Panel based upon the last best offers of one or the other party. As already noted, the Panel members agree that the signature of the Chairman

represents the majority at least, and the unanimous consensus at most, as to each Award.

STANLEY T. DOBRY, Chairman

Dated September 9th 2011

WILLIAM BIRDSEYE, Union Delegate

JOHN CLARK, Employer Delegate